



USAID | PHILIPPINES
FROM THE AMERICAN PEOPLE

PRESS CLIPPINGS

Office of Program Resources Management

(632) 552-9907

Friday, May 2, 2008

“USAID/Philippines does not vouch for the accuracy or the opinions of the articles provided in this press clipping service and assumes no responsibility for their content. Please contact USAID/Philippines at infoph@usaid.gov if you have any questions about USAID programs and projects.”

ECONOMIC GROWTH

(Economic Reform, Private Sector Development, Trade and Agriculture)

More BPOs eyeing Mindanao cities for expansion

DAVAO CITY — Leading business process outsourcing (BPO) companies in the country poised for a race towards expansion in choice areas in Mindanao, and are zeroing in on lower operating costs while taking advantage of the region's vast resource of trained personnel.

Davao and Cagayan de Oro have emerged as the BPO hubs of the South, offering a wide range of services, but still with a lot of room for regional expansion.

Current estimates of the total number of call centers in the Philippines range from 90 to more than 120. Fewer than 10 of these are in Mindanao, which has a quarter of the national population.

The global BPO industry will generate an estimated US\$310 billion by 2010, according to the Oxford Business Group.

The Philippines is projected to take 10 percent of the world market, and Mindanao stands to benefit from the anticipated countrywide expansion.

Most larger-scale firms now investing in Mindanao are in Davao and Cagayan de Oro. “There are 3,000 existing seats in five call centers in Davao alone, with 3,000 more in the pipeline,” said Andre Fournier of the Davao City Chamber of Commerce and Industry.

Link2Support, Inc. already employs several hundred call center agents in Davao and Cagayan de Oro. Western Wats, a U.S.-based firm, is investing P60 million in its Davao operations,

according to recent news reports.

Joji Ilagan Bian, president of the Philippine Call Center Alliance, points out that Mindanao is also attracting firms planning small-scale centers with 250 seats or less.

“They’re considering other urban centers, like General Santos, Zamboanga, Iligan and Cotabato,” Bian said.

General Santos, a bustling agro-industry hub, is said to be planning a city-wide wireless network using WiMAX technology, which should make it more attractive to BPO investors. The city already has a fiber optics network in place.

The three-hectare Mabuhay IT Park, established in “Gen San” by private developer Mabuhay Technopark Corp., is designed as a one-stop facility for voice, video and data services, with secured network communications and back-up power supply.

The potential BPO labor force in the city includes 5,000 new graduates from in-city colleges per year, with about 10,000 more from contiguous areas, including Sarangani, South Cotabato, and Sultan Kudarat, according to a report prepared with the Board of Investment’s assistance.

“General Santos is definitely at par with other ICT hubs,” said Ellorencia Cruz of BOI. “The only hindrance is the lingering perception of security risks in the region. We had the same problem in 2002 when promoting the country as a whole as a BPO hub. Little by little, the firms started coming in to Manila,

then to other cities. And now they’re coming to Mindanao.”

Filipino-owned BPO firms appear to have already discounted these security perceptions, Bian said. “I tell other firms less familiar with the region that they should just come over and judge for themselves. They can incubate accounts with a limited number of seats and see how well things work out.”

Setting up BPO operations right at the manpower source has advantages for both the firms and their local hires, according to USAID’s Growth with Equity in Mindanao (GEM) Program, which, with the oversight of the Mindanao Economic Development Council, is helping to expand employment opportunities and improve IT infrastructure in the island-region.

Jan Ced, president of Mabuhay Technopark Corp., said he was approached by a U.S.-based firm which had noted from its database that many of its call center agents in Manila had come from Region 12.

The firm is considering asking these employees to move back to Mindanao, to staff a call center in Gen San. “This company clearly is aware that when agents are in their home base, the attrition rate is lower,” Ced says.

Mindanao-based personnel who do not have to commute and pay rent as they would in Manila and Cebu are content with a lower pay scale. “Also, since call center jobs carry more prestige in Mindanao, personnel are more committed,” Fournier added.

(Source: Manila Bulletin, 5/02/08, page 15)